

LLOYD'S.

The following article was written last year, before the most famous insurance institution of the world was taken over by the British Government.

LONDON, May 11.—"Lloyd's" reports that the steamer *Minneapolis* has been sunk. All were rescued, except eleven killed."

Thus read one of the many laconic statements, all to the same effect, that have made pulses in this country miss a beat or two since

times which Lloyd's has had with "war risks" we have heard ever since the historic month of August, 1914.

"A.1 at Lloyd's" is a synonym for high rating the world over, but exactly what and where is Lloyd's? Probably not one ordinary person

Lloyd's is Britain's great market-place for maritime insurance. It is not an individual business, as many persons suppose, but a sort of stock exchange for the underwriters of this country, who meet daily within its walls and "make the price" in different sorts of risks, exactly as the brokers and jobbers make the prices of shares on the real Stock Exchange. And a stiff "price" it is for war risks nowadays, as you can well imagine. As Britain is the greatest maritime nation in the world, so Lloyd's is the greatest of insurance marts. It forms part of the Royal Exchange, close to the Bank of England. Many travellers, in times of peace, visit the Royal Exchange with the object of seeing the fine historical paintings there, and, in probably ninety-nine cases out of a hundred, without any idea that so marvellous a place as this Mart of British underwriting, and one of the most crowded, exciting and hustling places in the Kingdom, is only just around the corner.

Though Lloyd's began as a market

for marine insurance only, one can now insure anything on earth there, with the exception of human life. There is no risk of so freakish a nature that the brokers who make up Lloyd's will not quote you a rate for it. You can insure there against an earthquake or a Zeppelin raid, or against the chance of your wife having twins. The right arms of Paderewski and Kubelik have been insured there, and also the upper arms, or legs, of a famous Australian "boxing kangaroo!" Lloyd's will have a deal with a king or a clown. They will insure the king's throne and crown and the succession of his dynasty, and they will insure the clown in regard to his punctual arrival at town after town, hall after hall, in time to give his show. They will insure one against the unsuccessful result of an operation for appendicitis or against having an action of breach of promise decided against one. Against anything and everything, in fact!

In dealing with a member of Lloyd's, moreover, you are pretty certain to be doing business with a man of proved standing, integrity and financial soundness, which is rather a comfort to know. Every candidate for election has to "show" the governing committee on these points, and, therefore, to guarantee himself, £5000 being the smallest sum he may deposit with them as additional security for possible liabilities. The total of the amounts so deposited is over three million five hundred thousand pounds. To be allowed to pass the portals of Lloyd's is a privilege none too easily won, but once inside one has, for a surety, one's finger on the pulse of the marine world. So remarkable has become the network of agencies that Lloyd's has instituted in every seaport of the globe that, standing beyond the barrier, you may know exactly where each of the hundred thousand



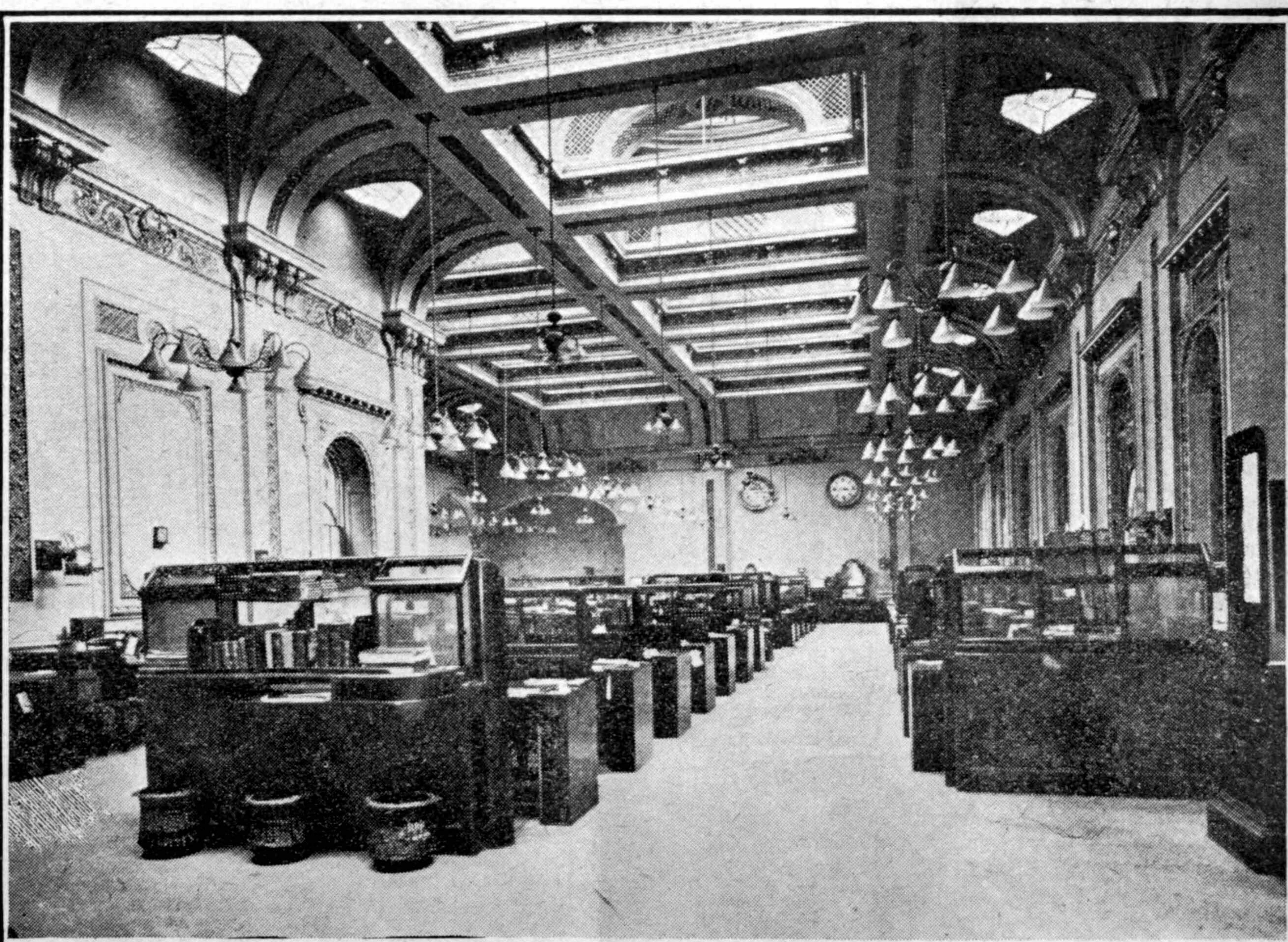
THE ROYAL EXCHANGE.

Of which Lloyd's forms a part The building across the street on the left is the Bank of England.

German frightfulness by sea took a new lease of life on the first day of the mad month. "Lloyd's announces—." It has "announced" the sinking of vessels of practically every neutral nationality in Europe to say nothing of merchantman after merchantman belonging to the Allied nations. "Lloyd's announces." "The Admiralty announces." The list is getting longer every day. But all the world knows the story too well!

Besides, reading, day after day, these grim "announcements" by Lloyd's, newspaper readers here have been reminded of the existence of one of the most remarkable institutions in the world in a variety of other ways. Not long ago we read that "some Lloyd's underwriters, for a premium of eight guineas per cent. have agreed to pay a total loss if peace is not declared on or before December 31, 1916." A bit of news that made us, temporarily, feel a bit more optimistic. Then on a certain day too, the newspapers told of the rousing reception that Lord Charles Beresford got at Lloyd's when he turned up there, and eloquently pleaded for the fund for ambulances for the French Red Cross. Within a few minutes, the account continued, £5000 was subscribed by the underwriters present. Meanwhile, of the exciting and strenuous

out of a thousand, even in Great Britain could answer these questions correctly, despite the fact that it is far from an exaggeration to describe Lloyd's as one of the most romantic and interesting, as well as one of the most important, of the commercial institutions of the world. Most Britishers have a misty idea that Lloyd's is connected with shipping and with marine insurance, but there the knowledge of the ordinary man-in-the-street ends, even though he may wend his way past Lloyd's every day of his life.



THE UNDERWRITERS' ROOM AT LLOYD'S.

ships that plough the seven seas are at that moment—all, that is, except the missing. The agents who report as to these number over 2000, and in the course of a single year they send over a hundred thousand telegrams to Lloyd's, and an ever greater number of letters. The library contains a wonderful collection of charts, gazetteers, and all the works of navigation. Here you may scrutinise "Lloyd's List" (the oldest journal in England save one), which shows every day the position of every vessel. There is also the "Captain's Register" which contains the records of every one of the sixty thousand commanders in the British Mercantile Marine. All day this is being consulted by various members, who make sure, as one of the first safeguards, that the man commanding the boat they are to insure has a clean record.

Lloyd's deals in big figures. When the "Oceana," laden with bullion for India, went down in March, 1912, as the result of a collision with a German barque off Beachy Head, and the tugs failed to beach her, the underwriters went to work, and within twenty-four hours had handed over the sum of £750,000 to the Bank of England to make good the loss and enable Threadneedle Street to despatch a duplicate golden cargo by the very next boat leaving for Bombay. The amount of insurance on the "Titanic" was over £2,000,000. But though a Lloyd's broker will underwrite practically any risk, it is a rare thing for one of them to assume the entire responsibility therefor. What generally happens is this. Suppose a ship of 100 tons is to be insured for £20,000. The owner gets a broker to draw out his policy and this is taken to an underwriter. The first underwriter may agree to become responsible for £2000 of the £20,000. The policy is then passed on to other members of Lloyd's and—particularly if the first endorsement is a good one—these others will take up the remainder of the risk. They append their names under the first signature and thus become, literally, "underwriters." That is the origin of the phrase.

Lloyd's is one of the strangest romances in commerce. This world-famous association, with its thousands of wealthy members, started in a little coffee-tavern. It was after the fire of London that business people with common interests began to make it their practice to meet together at some convenient place, and nowhere was so convenient as the coffee-houses. West India merchants assembled at the "Jamaica," the stock-jobbers had a rendezvous at "Jonathan's," and gradually those interested in shipping congregated at Lloyd's, a small place situated in Tower Street, near the Tower of London, and owned by one, Edward Lloyd. The late Col. Sir Henry M. Hozier, father of Mrs. Winston Churchill, who was secretary of Lloyd's from 1874 until 1906, collected some interesting details about these early days of the great institution, and these have been placed at my disposal by Col. Hozier's successor, Admiral E. F. Inglefield, one of the most distinguished ex-members of the Royal Navy.

"Edward Lloyd was a man of intelligence," wrote Col. Hozier. "Be-

sides organising the merchants and marine insurers who congregated at his tavern, he started 'Lloyd's News,' the forerunner of the present 'Lloyd's List,' which is the oldest newspaper in the country with the single exception of the 'London Gazette.' Before his time, so far as I can trace, marine insurance in England was conducted by the Lombards, who came from Italy and founded Lombard Street, but from the time that Edward Lloyd established his small coffee-house, where seafaring men jostled against merchants, Britons conducted marine insurance in London. Seafaring men in those days, on account of difficulties of com-

sure their safe return, but the premium was tolerably high. One traveller by the name of Henry, who went to Constantinople, insured his return for £1200, but he had to pay £400 premium for it. It was only natural that there should be speculative insurance at Lloyd's at this time, because you may remember that in the early part of the eighteenth century an enormous wave of speculation swept over this country. One indication of that wave was the South Sea Bubble. Thousands of people were ruined. It was only natural when speculation rose so high, when schemes like the "Bubble" and the Darien-Panama Colony scheme were

lation to any one who imagines that Britshers can't hustle when they want to. I entered through a barrier presided over by a gorgeous Cerberus in a scarlet robe and gold-banded silk hat. The Underwriting Room is a large, long, lofty chamber with a domed ceiling, down either side and along the centre of which are rows of low pews—technically known as boxes—each of which contains a narrow writing-table with room for three a-side, and there the underwriters sit with their clerks beside them to record the risks accepted, sign policies, or take down claims. At the end of each writing table is a wire-basket in which are placed the signed policies ready for collection by the brokers, and the two broad gangways are thronged by an ever-shifting and busy crowd of these and their clerks going to and from one underwriter or group of underwriters to another, most of them carrying in their hands neat leather cases of "slips" on which are written all the particulars of the risks offered and taken.

On the left as one enters is the desk of the superintendent of the room, and a little beyond it is a reading-desk on which rests open one of the most fateful volumes in existence. It is a great tome, bound in green leather, known as the Loss Book, in which each day is written the list of the casualties at sea. In normal times, it seems, the merchant navies of the world lose nearly 1200 vessels every year, one of five in which is a steamer, but upon all of which Lloyd's pay out insurance. What will the total be this year, I wonder? At Lloyd's they refused to even hazard a guess.

As we walked about, my guide suddenly laid his hand on my arm. "Listen," he said, "a loss is just about to be announced in the old, picturesque way."

He pointed to the top of the partition screen, where I saw what was evidently an old ship's bell, around which hung a mass of chains, rusty rudder-chains. Beneath it was a sort of pulpit, topped by a great sounding-board, in which stood another gorgeously-robed official of Lloyd's, who is known as the "caller." The hubbub in the great room had ceased as if by magic, and it was amidst a profound and impressive silence that the caller pulled a cord and the great bell tolled once.

"That means that a ship has gone down," said my guide. "The details will be posted up in the room that we call 'The Chamber of Horrors.' And then he told me the story of the ancient bell.

It is that of the once tall frigate "Lutine" which, captured from the French, became a British vessel of war. In 1790, when laden with treasure worth upwards of one million pounds, she went down in the Zuider Zee, with only a single member of the crew surviving to tell the story of the loss to British capitalists. Successive generations of divers did their utmost to reclaim her cargo, but they got back little over £100,000, and the rest remains for the fishes and the mermaids. But the bell of the old ship was recovered, more than half a century after the loss, and, presented to Lloyd's, has ever since been the tocsin of that institution. When a vessel is "posted" the old bell tolls.



THE TOCSIN OF LLOYD'S.

The bell of the old frigate Lutine, which is tolled when a loss at sea is reported.

inunication, were not nearly so refined or so educated as they are at present. The new "sovereign herb," which Raleigh had introduced into America, had come to this country, and doubtless had votaries at Lloyd's. Before long the little coffee-house became connected with various gambling and speculative transactions. The lives of those who had to pay the penalty for breaking their country's laws were insured at Lloyd's as a sort of speculation, also when any great statesmen, of great leader of a party, fell ill, his life was insured at Lloyd's Coffee-house at a premium of five per cent. Travellers who went abroad were able to in-

put before the public, when people rushed for shares in them, when tulips coming from Holland rose to 200 guineas a bulb, that there should have been a little speculation carried on at Lloyd's among underwriters. In 1692, the coffee-house was removed from Tower to Lombard Street, and in 1774 Lloyd's left the tavern to take up premises in the Royal Exchange, where it has since remained."

I visited Lloyd's a few days ago, between three and four in the afternoon, the busiest time in the day, when some thousands of men are congregated in the famous Underwriting Room. It was surely a busy scene, and would have been a reve-